

REORGANIZATION
OF
**THE BROOKLYN ELEVATED RAILROAD
COMPANY.**

To the Holders of Mortgage Bonds and Stock of the Brooklyn Elevated Railroad Company, and Holders of Mortgage Bonds of the Union Elevated Railroad Company and the Seaside and Brooklyn Bridge Elevated Railroad Company:

When it became apparent that the financial condition of the Brooklyn Elevated Railroad Company and of its associate companies was such as to render it necessary to place the properties in the hands of a Receiver, the undersigned Committee were requested by security holders representing large interests to prepare a plan of reorganization.

The following is a

Financial Statement of "The Brooklyn"

and its associate companies, December 31, 1896.

DEBITS.

Taxes accrued, about	\$400,000 00
Secured debts due financial institutions and individuals (security consisting of \$1,210,000 Seaside 1st Mortgage Bonds)	605,000 00

First Mortgage Bonds of the Brooklyn, 6 ^s	3,500,000 00
Second " " " " " , 5 ^s	1,249,000 00
First " " " " Union, 6 ^s	6,150,000 00
Second " " " " (Income), 5 ^s	2,068,000 00
First " " " " Seaside, 5 ^s	1,365,000 00
Capital stock of the Brooklyn	13,283,600 00

NOTE.—There was cash on hand \$62,000 and material and coal paid for \$45,500.

\$50,000 Sea Side and Brooklyn Bridge first mortgage bonds are held by a surety company as an indemnity upon the undertakings in legal proceedings it has executed on behalf of the Brooklyn.

CREDITS.

5.73 miles of elevated railroad of "The Brooklyn."

11.18 miles of elevated railroad of "The Union."

3.34 miles of elevated railroad of "The Sea Side," including the loop.

95 locomotives.

286 passenger cars.

16 supply and flat cars.

Sundry contracts with advertising and electric companies yielding an annual income of \$80,667.86.

Real estate and mortgages not used for operating purposes —market value, \$75,000.

OPERATING RESULTS OF COMBINED COMPANIES FOR 1896.

Gross earnings from all sources.....	\$1,718,688 13
Operating expenses.....	1,029,988 63
Net earnings.....	688,699 50
Fixed charges, including all taxes paid or unpaid and penalties on unpaid taxes in arrears, and including interest on loans of \$605,000.....	882,083 76
Deficiency for the year 1896.....	193,384 26

SUBDIVISION OF FIXED CHARGES.

Interest on \$3,500,000 Brooklyn 1st 6s	\$210,000 00
" " \$6,150,000 Union 1st 6s.....	369,000 00
" " \$1,249,000 Brooklyn 2d 5s.....	62,450 00
" " \$1,365,000 Sea Side 1st 5s.....	68,250 00
State taxes on capital and earnings.....	15,443 35
City taxes on structure.....	93,493 73
Penalties on arrears of taxes.....	23,755 74
Interests on loans.....	34,588 20
City taxes on real estate.....	5,102 74

	\$882,083 76

After a careful investigation of the affairs of the Companies the Committee has prepared the following

PLAN :

I. The outstanding first and second mortgage bonds and stock of the Companies shall be deposited with the Central Trust Company of New York, under an agreement lodged with that Company, subject to the order of the undersigned as a Reorganization Committee. Negotiable receipts will be issued for deposited securities. When, in the judgment of the Committee, a sufficient amount of bonds shall have been so deposited, the plan shall be declared effective.

II. The mortgages shall be foreclosed and the properties purchased by the Committee, who shall cause a new Company to be organized to acquire the property and franchises of the old Companies.

The new Company shall issue the following

New Securities.

\$16,000,000 First Mortgage Bonds,

bearing interest at 4 per cent. until the year 1905 and 5 per cent. thereafter; principal and interest payable in 1950 in United States gold coin of present standard; interest payable in New York City semi-annually. Mortgage to cover all the property and franchises of the new Company, including after-acquired property.

\$5,000,000 Preferred Stock, five per cent. non-cumulative.

\$13,000,000 Common Stock.

III. Assenting security holders shall be entitled to cash and new securities as follows:

Brooklyn First Mortgage Bonds and }
Union First Mortgage Bonds, } for each bond:

\$20 in cash for each coupon maturing on and after April 1, 1897, pending reorganization.

\$1,000 new First Mortgage Bond.

\$200 new Common Stock.

Seaside First Mortgage Bonds, contributing to the Committee \$100 cash per bond, for each bond:

\$20 in cash for each coupon maturing pending reorganization.

\$1,000 new First Mortgage Bond.

Also \$100 new preferred stock for such cash contribution.

Brooklyn second mortgage bonds, contributing to the Committee \$200 cash per bond, for each bond:

\$14 in cash for each coupon maturing pending reorganization.

\$700 in new first mortgage bonds.

\$300 new preferred stock.

Also \$200 new preferred stock for such cash contribution.

Union second mortgage income bonds, contributing to the Committee \$100 cash per bond, for each bond :

\$500 in new preferred stock.

\$500 in new common stock.

Also \$100 new preferred stock for such cash contribution.

Brooklyn stock, contributing to the Committee \$10 cash per share of old stock :

\$75 in new common stock for each share of old stock.

\$10 new preferred stock for such cash contribution.

Cash contributions are to be payable as called by the Committee. New securities to be delivered when reorganization is completed.

IV. The Committee shall organize an underwriting syndicate to furnish the money necessary to carry out the plan, including the payment of the cash contributions of security holders who shall not assent to the plan or shall fail to make their payments. The syndicate shall receive a commission of five per cent. in cash on the amount for which they subscribe, and shall be entitled to, and shall represent and succeed to all the rights which security holders, non-assenting or failing to contribute, would have been entitled if they had contributed cash as required.

V. Whenever, prior to the expiration of one year from the completion of the reorganization, a contract shall have been obtained permitting the trains of the company to cross the New York and Brooklyn Bridge, and the Committee or the Directors of the new company shall have determined to change the cars and the motive power of the railroad, and to make other changes and betterments connected therewith they shall sell to the syndicate, and the syndicate shall purchase from the Committee or the new company new first mortgage bonds not exceeding \$1,000,000 at par of principal, and pay therefor \$800 in cash for each \$1,000 bond, receiving as compensation and

commissions \$500 in new preferred stock for each bond so taken and paid for.

VI. The moneys received by the Committee under the plan shall be used to make the several coupon payments pending reorganization as required by the plan ; to pay to the secured creditors the amounts due to them respectively, the collateral securities now held by such creditors to be delivered to the Central Trust Company of New York, to be held for the purposes of the reorganization and ultimate cancellation ; to pay such amounts as may from time to time be ordered or approved by the Court as necessary for the proper conduct of the business and maintenance of the railways of the companies ; to pay the compensation disbursements, counsel fees and other proper expenses of reorganization, and for such other purposes as the Committee may determine to be for the best interest of security holders and necessary to carry out the plan and make it effective. If pending reorganization, connections with the New York and Brooklyn Bridge shall be authorized by grant or contract, the Committee may pay such amounts as may be required to make such connections and the necessary alterations in cars, equipment and structure. Any balance of money remaining after completion of reorganization shall be paid to the new company.

VII. The securities deposited under the plan shall not be canceled until the new securities shall have been issued and delivered, but shall, with the coupons on which cash shall have been paid pending reorganization, be held for the protection and benefit of those contributing money under the plan ; provided that they shall be canceled when the reorganization is completed, and they may be used at their dividend value in payment of the purchase price at the foreclosure sales.

VIII. Provision shall be made in the new First Mortgage for building the remainder of the lines which the Seaside Com-

pany has the right to construct. No bonds shall be issued under the new first mortgage beyond those required for the purposes of the reorganization, and to meet the expense of making connections with the New York and Brooklyn Bridge of acquiring necessary property and rights of way and change of motive power and cars, except upon consent of the Trustee of the mortgage.

IX. All preferred and common stock not required for use for reorganization purposes shall be held by the Central Trust Company of New York under a trust agreement authorizing its use for future requirements of the reorganized Company.

X. The number of Directors of the new company shall not be even. The common stockholders shall elect a majority of one, and the preferred stockholders shall elect the minority.

Any surplus of earnings, after payment of fixed charges, shall be applied to the payment of dividends on preferred stock not exceeding five per cent. in any year (non-cumulative); any excess after such payment shall be applied to pay dividends on common stock up to five per cent. per annum; any surplus then remaining may be retained by the Company as a reserve fund, or applied to pay dividends equally per share on the preferred and common stock.

XI. Assuming that no new construction will be required, the mortgage and stock obligations outstanding and the fixed charges of the new company will be, until 1905, as follows:

First mortgage bonds, \$11,890,000, @ 4 %-----	\$475,600
Taxes on structure, per annum -----	84,000
State taxes (estimated) -----	24,000
Total annual fixed charges-----	\$583,600

It is anticipated that there will be a considerable sum in cash paid by the Committee to the new company.

The disposition of stock will be as follows :

Preferred Stock.

To Brooklyn Second Mortgage bondholders	\$374,700
To contributors of cash.....	1,921,460
To Union Second Mortgage Income bondholders ..	1,034,000
To be used for reorganization purposes or held for future requirements	1,669,840

	\$5,000,000

Common Stock.

To Union Second Mortgage Income bond holders	\$1,034,000
“ Brooklyn stockholders.....	9,962,700
“ Brooklyn and Union First Mortgage bond- holders.....	1,930,000
To be used for reorganization purposes or held for future requirements	73,300

	\$13,000,000

The Committee believe the proposed plan fairly recognizes the various interests, and is for the benefit of all. Not only will the pressing burden of the arrears of taxes and outstanding loans be removed, but funds will be provided for the heavy expense of crossing the New York and Brooklyn Bridge and changing the method of operation from steam to electricity. The saving in interest, increased travel and economy in operation resulting from this will be large and will make certain the payment of the reduced interest upon the first mortgage bonds, thus making them more valuable than they are at the present time and fully making up for the reduction of their interest, while giving reasonable expectation for the future of the junior securities. Provision will also be made for future betterments, if rendered necessary.

For full particulars and details of the plan and agreement reference is hereby made to the original thereof, filed with the Central Trust Company of New York.

Securities may be deposited by the holders thereof, under the agreement, with the Central Trust Company of New York, No. 54 Wall street, New York, who will receive and issue its negotiable receipts for any of the following existing securities :

Brooklyn Elevated first mortgage bonds.

Brooklyn Elevated second mortgage bonds.

Union Elevated first mortgage bonds.

Union Elevated second (income) mortgage bonds.

Seaside and Brooklyn Bridge first mortgage bonds.

Brooklyn Elevated stock.

New York, March 19th, 1897.

F. P. OLcott,

Chairman.

JAMES T. WOODWARD.

CHARLES PARSONS.

ERNST THALMANN.

LEONARD LEWISOHN.

Committee.

J. N. WALLACE,

Secretary,

54 Wall Street, N.Y. City.

Distribution of Securities.

Liabilities.	Cash to be paid Committee.	Mortgage Bonds.	Preferred Stock.	Common Stock.
Brooklyn Firsts....	3,500,000	\$3,500,000	\$700,000
Union "	6,150,000	6,150,000	1,230,000
Seaside "	1,365,000	\$136,500	1,365,000	136,500
Brooklyn Seconds	1,249,000	249,800	874,300	624,500
Union Incomes....	2,068,000	206,800	1,240,800	1,084,000
Stock	13,283,600	1,328,360	1,328,360	9,962,700
		\$1,921,460	\$11,889,300	\$3,330,160
				\$12,926,700

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